



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB1529

Introduced 2/22/2007, by Rep. Sara Feigenholtz

#### SYNOPSIS AS INTRODUCED:

50 ILCS 345/15  
50 ILCS 345/20  
50 ILCS 345/25  
30 ILCS 805/8.31 new

Amends the Local Government Acceptance of Credit Cards Act. Provides that any unit of local government and any community college district that has the authority to accept the payment of funds for any purpose shall (now, is authorized, but not required to) accept payment by credit card. Makes corresponding changes. Preempts home rule. Amends the State Mandates Act to require implementation without reimbursement.

LRB095 06563 HLH 26666 b

FISCAL NOTE ACT  
MAY APPLY

HOME RULE NOTE  
ACT MAY APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

1 AN ACT concerning local government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Local Government Acceptance of Credit Cards  
5 Act is amended by changing Sections 15, 20, and 25 as follows:

6 (50 ILCS 345/15)

7 Sec. 15. Local government credit card acceptance program.

8 (a) Any unit of local government and any community college  
9 district that has the authority to accept the payment of funds  
10 for any purpose shall ~~is authorized, but not required, to~~  
11 accept payment by credit card.

12 (b) This Act shall be broadly construed to require  
13 ~~authorize, but not require,~~ acceptance of credit card payments  
14 by all units of local government and community college  
15 districts.

16 (c) This Act requires ~~authorizes~~ the acceptance of credit  
17 card payments for all types of authorized obligations.

18 (d) This Act does not limit the authority of clerks of  
19 court to accept payment by credit card pursuant to the Clerks  
20 of Court Act or the Unified Code of Corrections.

21 (e) A local governmental entity may not receive and retain,  
22 directly or indirectly, any convenience fee, surcharge, or  
23 other fee in excess of the amount paid in connection with the

1 credit card transaction. In addition, a financial institution  
2 or service provider may not pay, refund, rebate, or return,  
3 directly or indirectly, to a local governmental entity for  
4 final retention any portion of a surcharge, convenience fee, or  
5 other fee paid in connection with a credit card transaction.

6 (f) No unit of local government, including a home rule  
7 unit, may require payment of funds for any purpose in a manner  
8 inconsistent with this Section. This Section is a limitation  
9 under subsection (i) of Section 6 of Article VII of the  
10 Illinois Constitution on the concurrent exercise by home rule  
11 units of powers and functions exercised by the State.

12 (Source: P.A. 90-518, eff. 8-22-97.)

13 (50 ILCS 345/20)

14 Sec. 20. Rules; agreements; payments ~~Election by local~~  
15 ~~governmental entities to accept credit cards.~~

16 (a) ~~The decision whether to accept credit card payments for~~  
17 ~~any particular type of obligation shall be made by the~~  
18 ~~governing body of the local governmental entity that has~~  
19 ~~general discretionary authority over the manner of acceptance~~  
20 ~~of payments.~~ The governing body of a local governmental entity  
21 may adopt reasonable rules governing the manner of acceptance  
22 of payments by credit card. ~~No decision to accept credit card~~  
23 ~~payments under this Act shall be made until the governing body~~  
24 ~~has determined, following a public hearing held not sooner than~~  
25 ~~10 nor later than 30 days following public notice of the~~

1 ~~hearing, that the acceptance of credit card payments for the~~  
2 ~~types of authorized obligations specified in the public notice~~  
3 ~~is in the best interests of the citizens and governmental~~  
4 ~~administration of the local governmental entity or community~~  
5 ~~college and of the students and taxpayers thereof.~~

6 (b) The governing body of the entity accepting payment by  
7 credit card may enter into agreements with one or more  
8 financial institutions or other service providers to  
9 facilitate the acceptance and processing of credit card  
10 payments. Such agreements shall identify the specific services  
11 to be provided, an itemized list of the fees charged, and the  
12 means by which each such fee shall be paid. Such agreements may  
13 include a discount fee to cover the costs of interchange,  
14 assessments and authorizations, a per item processing fee for  
15 the service provider, and any other fee, including a payment of  
16 a surcharge or convenience fee, that may be applicable to  
17 specific circumstances. Any agreement for acceptance of  
18 payments by credit cards may be canceled by the governmental  
19 entity upon giving reasonable notice of intent to cancel.

20 (c) An entity accepting payments by credit card may pay  
21 amounts due a financial institution or other service provider  
22 by (i) paying the financial institution or other service  
23 provider upon presentation of an invoice or (ii) allowing the  
24 financial institution or other service provider to withhold the  
25 amount of the fees from the credit card payment. A discount or  
26 processing fee may be authorized whenever the governing body of

1 the entity determines that any reduction of revenue resulting  
2 from the discount or processing fee will be in the best  
3 interest of the entity. Items that may be considered in making  
4 a determination to authorize the payment of fees or the  
5 acceptance of a discount include, but are not limited to,  
6 improved governmental cash flows, reduction of governmental  
7 overhead, improved governmental financial security, a  
8 combination of these items, and the benefit of increased public  
9 convenience. No payment to or withheld by a financial  
10 institution or other service provider may exceed the amounts  
11 authorized under subsection (b) of Section 25.

12 (d) Unless specifically prohibited by an ordinance or rule  
13 adopted by the governing body of the local governmental entity,  
14 a person may pay multiple tax bills in a single transaction.

15 (Source: P.A. 90-518, eff. 8-22-97.)

16 (50 ILCS 345/25)

17 Sec. 25. Payment of fees by cardholders.

18 (a) The governing body of a local governmental entity  
19 ~~authorizing acceptance of payment by credit card~~ may, but is  
20 not required to, impose a convenience fee or surcharge upon a  
21 cardholder making payment by credit card in an amount to wholly  
22 or partially offset, but in no event exceed, the amount of any  
23 discount or processing fee incurred by the local governmental  
24 entity. This convenience fee or surcharge may be applied only  
25 when allowed under the operating rules and regulations of the

1 credit card involved. When a cardholder elects to make a  
2 payment by credit card to a local governmental entity and a  
3 convenience fee or surcharge is imposed, the payment of the  
4 convenience fee or surcharge shall be deemed voluntary by the  
5 person and shall not be refundable.

6 (b) No fee, or accumulation of fees, that exceeds the  
7 lesser of \$20 or 5% of the principal amount charged may be  
8 imposed in connection with the issuance of any license,  
9 sticker, or permit, or with respect to any other similar  
10 transaction. No fee, or accumulation of fees, that exceeds the  
11 lesser of \$5 or 5% of the transaction involved may be imposed  
12 in connection with the payment of any fine. No fee, or  
13 accumulation of fees, in excess of the lesser of \$40 or 3% of  
14 the principal amount charged may be imposed in connection with  
15 the payment of any real estate or other tax.

16 (c) Notwithstanding the provisions of subsection (b), a  
17 minimum fee of \$1 may be imposed with respect to any  
18 transaction.

19 Notwithstanding the provisions of subsection (b), a fee in  
20 excess of the limits in subsection (b) may be imposed by a  
21 local governmental entity on a transaction if (i) the fee  
22 imposed by the local governmental entity is no greater than a  
23 fee charged by the financial institution or service provider  
24 accepting and processing credit card payments on behalf of the  
25 local governmental entity; (ii) the financial institution or  
26 service provider accepting and processing the credit card

1 payments was selected by competitive bid and, when applicable,  
2 in accordance with the provisions of the Illinois Procurement  
3 Code; and (iii) the local governmental entity fully discloses  
4 the amount of the fee to the cardholder.

5 (Source: P.A. 92-114, eff. 1-1-02.)

6 Section 90. The State Mandates Act is amended by adding  
7 Section 8.31 as follows:

8 (30 ILCS 805/8.31 new)

9 Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8  
10 of this Act, no reimbursement by the State is required for the  
11 implementation of any mandate created by this amendatory Act of  
12 the 95th General Assembly.